

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSES OF CONSIDERING:**

CASE NO. 14040

**APPLICATION OF PARALLEL PETROLEUM CORPORATION
TO RE-INSTATE DIVISION ORDER R-12798 COMPULSORY POOLING
CHAVES COUNTY, NEW MEXICO.**

AFFIDAVIT OF AARON L. MYERS

**STATE OF TEXAS §
 § ss.
COUNTY OF MIDLAND §**

Before me, the undersigned authority, personally appeared Aaron L. Myers, consulting landman, who being fully sworn stated:

My qualifications as an expert are as follows:

Title: Consulting Landman
Education: Texas A&M University, B.A. History, 2000
 St. Mary's University School of Law, J.D., 2004

Experience: 2 years, 8 months.

I am over the age of majority and competent to make this Affidavit.

I am responsible for and involved in preparing the necessary documents for submittal to the New Mexico Oil Conservation Division for this case.

I am personally knowledgeable and familiar with the facts and circumstances of this case and the following factual statements.

This affidavit has been prepared in accordance with the New Mexico Oil Conservation Division Rule 1207.A(1)(b).

My expert opinion are based on the following facts and events:

**Before the Oil Conservation Division
Exhibit No. 1
Parallel Petroleum Corp
OCD CASE 14040
Hearing: December 13, 2007**

CHRONOLOGICAL SUMMARY OF SIGNIFICANT EVENTS

1. Parallel has the right to drill and develop the oil and gas minerals from the surface to the base of the Wolfcamp formation underlying the S/2 of Section 29, T15S, R25E, NMPM, Chaves County, New Mexico.
2. Parallel has proposed that the S/2 of this section be dedicated as a standard 320-acre gas spacing unit for production from the Wolfcamp formation to be obtained from its proposed John Town 1525-29 Well No. 1 (API # 30-005-63880) to be located drilled as a horizontal wellbore as shown on Exhibit "A" Attached.
3. On August 9, 2007, the Division entered Order R-12798 (Case 13919) granting Parallel's application for a compulsory pooling order for this spacing unit. The order expired on October 31, 2007 because Parallel inadvertently failed to file for an extension of the commenced date.
4. With the exception of the circumstances involved with the expiration of the order, the estimated well costs and other facts for this pooling order remain the same as of July 26, 2007, the date of the original hearing for Order R-12798.
5. Parallel has not been able to obtain a written voluntary agreement from all the party listed on Exhibit "B."
6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Parallel needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

Pursuant to Commission Order R-11992, effective August 15, 2003, Parallel requests that a 200% risk charge be applied.

In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled and whose current addresses are known as listed on Exhibit "B" of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 13, 2007.

RULE 1207.A(1)(b) REQUIREMENTS

In accordance with Division Rule 1207.A(1)(b) attached the following statements and exhibits in support of this case:

- (i) No opposition is expected because none of the party appeared in the prior case 13919
- (ii) Map (a) outlining the spacing unit already pooled, being the S/2 of Section 29, T15S, R25E, NMPM, Chaves County, New Mexico (b) showing the well location and (c) percentage of ownership interest. **See Exhibit "B" attached**
- (iii) For name and last known address of the party to be pooled with the nature and percent of their interest; I attest that a diligent search has been conducted of all public records in the county where the well is located and the party has been contacted on our behalf on several occasions. **See Exhibit "A" attached**
- (iv) This spacing unit is located within the Walnut Creek-Wolfcamp Gas Pool.
- (v) The pooled unit is for gas.
- (vi) Written evidence of attempts to reach voluntary agreement including letters and summaries of telephone calls are included herein. **See Case 13919, Exhibit 8**
- (vii) The maximum 200% risk factor penalty was justified prior to drilling the well in accordance with Commission Order R-11992 and Division Order R-11926
- (viii) The well costs overhead rates of \$5,000.00/month drilling and \$500.00/month producing well rates, subject to COPAS adjustment should continue to apply for this case. **See Transcript Case 13919**
- (ix) Copy of Division approval APD and form C-102 showing the well location and the proposed depth of the well (approximately 8,932 feet). **See Case 13919, Exhibit 2**
- (x) Copy of the AFE in the amount of \$1,954,745.00 completed well costs for this well, which we conclude, is fair, reasonable and current for wells of this type in this area. **See Case 13919, Exhibit 6**

ATTESTATION

I, Aaron L. Myers, attested that this submittal was prepared by me and the information is correct and complete to the best of my knowledge and belief.

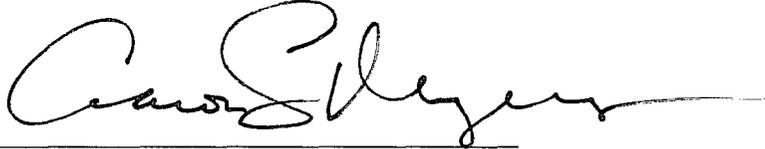
I recommend that a compulsory pooling order be entered which provides that:

Parallel Petroleum Corporation to be named the Operator;

In the event a working interest owner fails to elect to participate, then provisions be make to recover out of production the costs of the drilling, completing, equipping and operating the gas well, including a risk factor penalty; and

Provisions for overhead rates of \$5,000 per month drilling and \$500 per month operating and a provision for an adjustment method of the overhead rates as provided by COPAS;

FURTHER AFFIANT SAYETH NOT:



Aaron L. Myers, Consulting Landman

ACKNOWLEDGMENT

STATE OF TEXAS)
)SS:
COUNTY OF MIDLAND)

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this ___ day of December 2007 personally appeared Aaron L. Myers, a person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

Michelle H Spinks
Notary Public

My Commission expires:



JOHN TOWN 1525-29 #1
 S/2 Sec. 29, T15S, R25E
 Unleased Mineral Owners

<u>NAME</u>	<u>MINERAL INTEREST</u>	<u>TRACT UNIT %</u>	<u>OWNER UNIT %</u>	<u>ESTIMATED COST</u>	<u>TOTAL</u>
Helena M. Kelly	0.07812500	0.75	0.0586	\$2,299,700	\$134,748.05
R.W. and/or Muriel Ferguson	0.04687500	0.75	0.0352	\$2,299,700	\$80,848.83
Alta V Short	0.03125000	0.75	0.0234	\$2,299,700	\$53,899.22
Jimmy Charles Lester	0.01562500	0.75	0.0117	\$2,299,700	\$26,949.61
Lonnie W. Jones	0.06250000	0.75	0.0469	\$2,299,700	\$107,798.44
Jeanne C. Gifford	0.00468750	0.75	0.0035	\$2,299,700	\$8,084.88
Mary E. O'Dell	0.00868056	0.75	0.0065	\$2,299,700	\$14,972.01
John Brown University	0.01562500	0.75	0.0117	\$2,299,700	\$26,949.61
Siewert Family Trust	0.00868056	0.75	0.0065	\$2,299,700	\$14,972.01
Robert Brent Brown	0.00062004	0.75	0.0005	\$2,299,700	\$1,069.43
Gerald Vincent Reeder	0.00072338	0.75	0.0005	\$2,299,700	\$1,247.67
Kenneth Long	0.00048150	0.75	0.0004	\$2,299,700	\$830.48
Donald Long	0.00048150	0.75	0.0004	\$2,299,700	\$830.48
Marsha Cockrell	0.00015598	0.75	0.0001	\$2,299,700	\$269.03
Hanley Petroleum	0.84000000	0.25	0.2100	\$2,299,700	\$482,937.00
Eric K. Hanson	0.05000000	0.25	0.0125	\$2,299,700	\$28,746.25
Brett K. Bracken	0.01000000	0.25	0.0025	\$2,299,700	\$5,749.25
LHAH Properties, LLC	0.10000000	0.25	0.0250	\$2,299,700	\$57,492.50

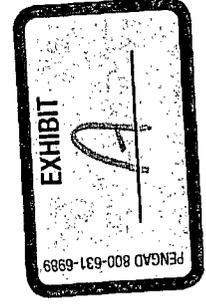


EXHIBIT "B" TO APPLICATION
11/5/07 NOTICE LIST FOR RE-INSTATED ORDER JOHNTOWN WELL

Helena M. Kelly
P.O. Box 839
Hobbs, NM 88240

John Brown University
Attn: Jim Krall
2000 W. University
Siloam Springs, AR 72761

Jeanne C. Gifford
3535 SW Kirklawn Ave.
Topeka, KS 66611

Louise B. Seiwert or Henry G. Seiwert, Trustees
Seiwert Family Trust
11494 S. Scottsdale Drive
Yuma, AZ 85367

Robert Brent Brown
66 Santa Maria Drive
Hegewood, NM 87017

Kenneth Long c/o JoAnn Long
1744 Blume NE
Albuquerque, NM 87112

Marsha Wade Cockrell
313 County Road 2900
Aztec, NM 87410

Donald Long c/o JoAnn Long
1744 Blume NE
Albuquerque, NM 87112

Hanley Petroleum, Inc.
415 Wall Street, Suite 1500
Midland, TX 79701

Eric K. Hanson
P.O. Box 1212
Midland, TX 79701

Brett K. Bracken
4505 Mockingbird Lane
Midland, TX 79707

LHAH Properties, LLC
415 Wall Street, Suite 1500
Midland, TX 79701

The following people have no last known address-serve by Newspaper notice:

R.W. and/or Muriel Ferguson
Alta V. Short
Jimmy Charles Lester
Lonnie W. Jones
Mary E. O'Dell
Hubert A. Rogers
Beverly E. Somerville

SUMMARY OF EFFORTS TO OBTAIN VOLUNTARY JOINDER

Helena M. Kelly: Numerous attempts have been made by telephone to contact Ms. Helena M. Kelly; however, there is no valid phone listing for Ms. Helena M. Kelly. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information. Last known address located for Helena M. Kelly, an AFE/Well Proposal letter was sent 3/15/07.

R.W. and Muriel Ferguson: Numerous attempts have been made by telephone to contact Mr. & Mrs. R.W. Ferguson; however, there is not valid address or phone listing for Mr. & Mrs. R.W. Ferguson. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Alta V. Short: Numerous attempts have been made by telephone to contact Mr. Alta V. Short, however, there is not valid address or phone listing for Mr. Alta V. Short. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Jimmy Charles Lester: Numerous attempts have been made by telephone to contact Mr. Jimmy Charles Lester; however, there is not valid address or phone listing for Mr. Jimmy Charles Lester. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Lonnie W. Jones: Numerous attempts have been made by telephone to contact Mr. Lonnie W. Jones; however, there is not valid address or phone listing for Mr. Lonnie W. Jones. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

John Brown University: Attempts have been made to lease the interest from John Brown University. On February 28, 2007 an offer to lease was mailed. At the present time, no signed lease has been returned. AFE/Well Proposal letter sent to John Brown University on 3/5/07; on 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent, to date no response has been made to either letter.

Jeanne C. Gifford: Numerous attempts have been made, through written correspondence and by telephone to contact Ms. Jeanne C. Gifford; however, there is not valid address or phone listing for Jeanne C. Gifford. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information. Last known address located for Jeanne C. Gifford an AFE/Well Proposal was sent on 3/6/07; on 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent. On 5/7/07 an election to not participate in the proposed well was received from Jeanne C. Gifford.

Mary E. O'Dell: Numerous attempts have been made, through written correspondence and by telephone to contact Ms. Mary E. O'Dell; however, there is not valid address or phone listing for Ms. Mary E. O'Dell. Several attempts were also made using numerous online internet websites as well as searching Chaves County records for any additional information.

Siewert Family Trust: Numerous attempts have been made, through written correspondence and by telephone to contact the Siewert Family Trust. On March 12, 2007 an offer to lease was mailed. At the present time, no signed lease has been returned. On 3/6/07 an AFE/Well Proposal letter was sent to Louise B. and Henry G. Seiwert, Trustees of the Seiwert Family Trust, the Certified Mail Return Receipt was signed for and acknowledged by L. Seiwert on 3/24/07. On 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent. At the present time no response from the Trustees of the Seiwert Family Trust has been had.

Robert Brent Brown: Numerous attempts have been made, through written correspondence and by telephone to contact Robert Brent Brown. On February 14, 2007 an offer to lease was mailed. At the present time, no signed lease has been returned. On 3/6/07 an AFE/Well Proposal letter was sent to Robert Brent Brown, the Certified Mail Return Receipt was signed for and acknowledged by Robert Brent Brown on 3/19/07. On 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent. On 3/22/2007 an election to not participate in the proposed well was received from Robert Brent Brown.

Kenneth Long: Numerous attempts have been made, through written correspondence and by telephone to contact Kenneth Long. On March 5, 2007 an offer to lease was mailed. At the present time, no signed lease has been returned. An AFE/ Well proposal letter was sent to Kenneth Long on 3/6/07; the Certified Mail Return Receipt was signed for and acknowledged by K. Fitzgerald as Agent on 3/17/07. On 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent. To date no response has been made to either letter.

Donald Long: Numerous attempts have been made, through written correspondence and by telephone to contact Donald Long. On March 5, 2007 an offer to lease was mailed. At the present time, no signed lease has been returned. An AFE/ Well proposal letter was sent to Kenneth Long on 3/6/07; the Certified Mail Return Receipt was signed for and acknowledged by K. Fitzgerald as Agent on 3/17/07. On 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent. To date no response has been made to either letter.

Marsha Cockrell: Numerous attempts have been made, through written correspondence

and by telephone to contact Marsha Cockrell. On March 5, 2007 an offer to lease was mailed. At the present time, no signed lease has been returned. An AFE/ Well proposal letter was sent to Kenneth Long on 3/6/07; the Certified Mail Return Receipt was signed for and acknowledged by K. Fitzgerald as Agent on 3/17/07. On 3/15/07 a corrected AFE/Well Proposal letter correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 was sent. To date no response has been made to either letter.

Yates Petroleum Corporation, Yates Drilling Company, ABO Petroleum Corporation, and MYCO Industries, Inc.: An AFE/Well proposal letter was sent Certified Mail on 3/21/07, and was signed for and acknowledged by Melissa Stewart as Agent of the addressee. A signed AFE was received from representatives of Yates Petroleum Corporation, et al, on 5/11/07. On 7/18/07 a phone conversation was had with Mr. Chuck Moran, a representative of Yates Petroleum Corporation, et al. Mr. Moran indicated that Yates Petroleum Corporation, et al, will participate in the proposed well. At the present time, Yates Petroleum Corporation, et al, is to be removed from the force pooling proceedings for this well based on there indication that they are going to participate in the well.

Hanley Petroleum, Inc., LHAH Properties, LLC, Eric K. Hanson, and Brett K. Bracken: AFE/Well Proposal letters were sent Certified Mail to Hanley Petroleum, Inc., LHAH Properties, LLC, Eric K. Hanson, and Brett K. Bracken on 3/6/2007. All Certified Return Receipts were signed for and acknowledged upon delivery. On 3/15/07 corrected AFE/Well Proposal letters correcting the estimated well cost from \$1,954,745.00 to \$2,299,700.00 were sent to Hanley Petroleum, et al. .At the present time, Hanley Petroleum, et al, has expressed their desire to farmout one-half of their interest in the well and to participate in the well for their remaining one-half of their respective interests. At the present time, Parallel Petroleum Corporation is awaiting the completion and delivery of a Farmout Agreement from Hanley Petroleum, et al.

DISTRICT I
1625 N. Francis, Santa Fe, NM 87505

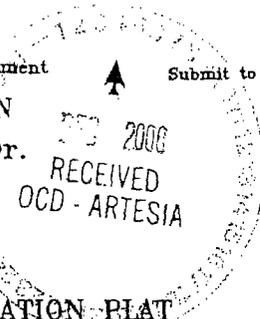
DISTRICT II
1301 W. Grand, Santa Fe, NM 87510

DISTRICT III
1000 Rio Grande, Santa Fe, NM 87510

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505



Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	97489	Wildcat; Wolfcamp
Property Code	Property Name	Well Number
	JOHN TOWN 1525-29	1
OGRID No.	Operator Name	Elevation
	PARALLEL PETROLEUM CORPORATION	3481'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	15 S	25 E		1880	SOUTH	255	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	15 S	25 E		1880	SOUTH	660	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

NOTE:

- Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

Before the Oil Conservation Division
Exhibit No. 2
Parallel Petroleum Corp
OCD CASE 13919
Hearing: July 26, 2007

Coordinate Table	
Description	Plane Coordinate
John Town 1525-29 #1	X = 462,169.1
Surface Location	Y = 721,749.3
John Town 1525-29 #1	X = 461,763.9
Penetration Point	Y = 721,742.8
John Town 1525-29 #1	X = 467,772.8
Bottom Hole Location	Y = 721,670.6

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

[Signature] 11-30-06
Signature Date
Gregory E. Miller
Printed Name Agent

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

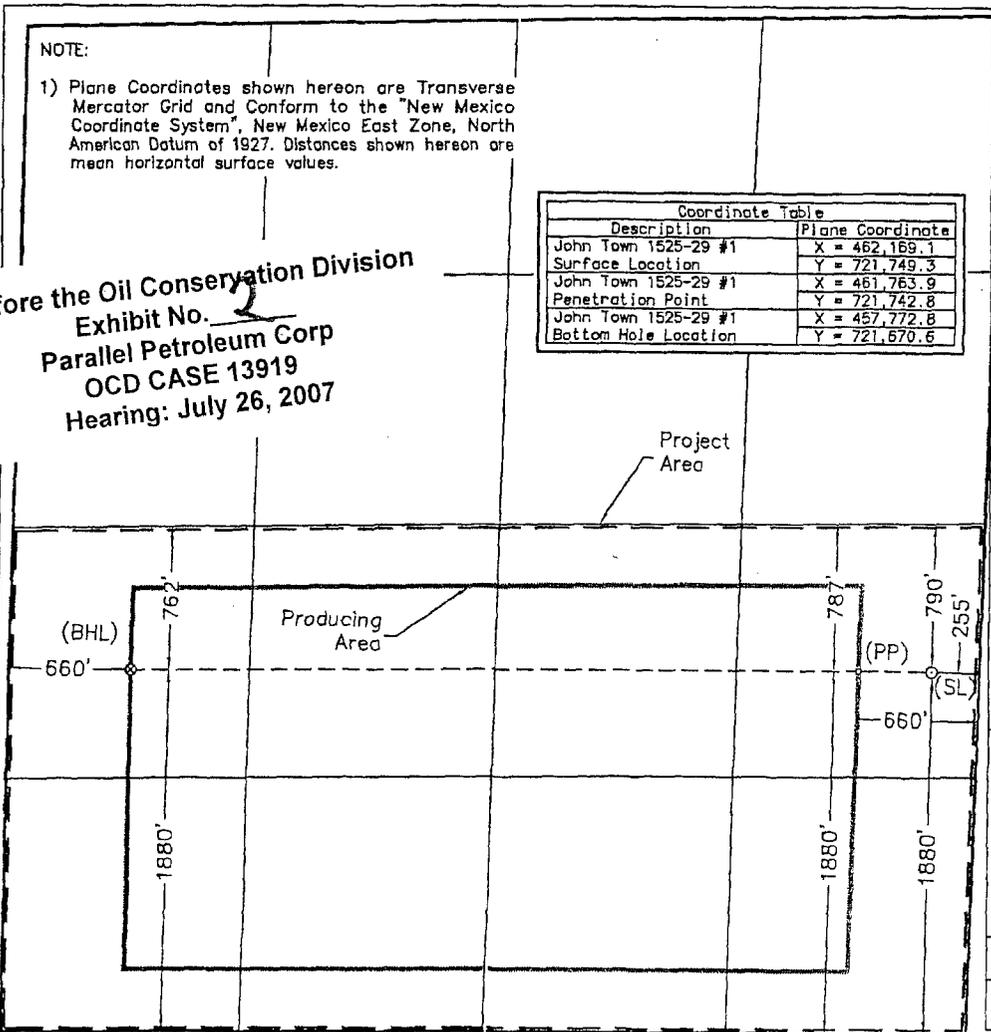
October 11, 2006

Date of Survey KMT
Signature & Seal of Professional Surveyor

[Signature]

W.O. Num. 2006-1010

Certificate No. MACON McDONALD 12185



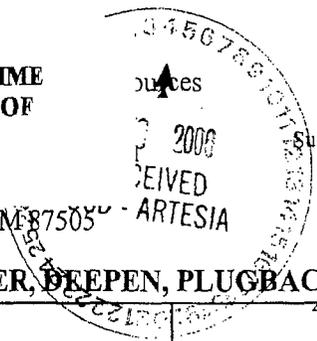
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos, Aztec, NM 87410
District IV
1220 S. St. Francis, Santa Fe, NM 87505

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE CASING

Form C-101
May 27, 2004

Submit to appropriate District Office
 AMENDED REPORT

Santa Fe, NM 87505



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Parallel Petroleum Corp. 1004 N. Big Spring Street, Suite 400, Midland, TX. 79701		OGRID Number 230387
Property Code 36190	Property Name John Town 1525-29	API Number 30-005-63880 Well No. 1
Proposed Pool 1 Wildcat;	Proposed Pool 2 Wolfcamp	

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	29	15S	25E		1880'	S	255'	E	Chaves

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	29	15S	25E		1880'	S	660'	W	Chaves

Additional Well Information

Work Type Code N	Well Type Code O & G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 3481'
Multiple No	Proposed Depth 8932MD, 4750TVD	Formation Wolfcamp	Contractor NA	Spud Date NA
Depth to Groundwater 65'	Distance from nearest fresh water well 800'	Distance from nearest surface water 4000'		
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12_mils thick Clay <input type="checkbox"/> Pit Volume: 25,000 bbls		Drilling Method:		
Closed-Loop System <input type="checkbox"/>		Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	180' @ 1050'	325	Surface
7-7/8"	5-1/2"	17#	TVD 4750'	NA	Tie back
			MD 8932'		To surface casing

Verify by CBL or Temp Survey

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Well to be Drilled as a Horizontal Wolfcamp test. The attached drilling plan will be utilized for this test and contains details on the cement and mud programs as well as the directional information. The following is a summary of this plan.

1. Prepare surface location. Move in and rig up drilling rig, spud well and drill and set conductor. Install and test BOP's.
2. Drill 11" surface hole to a minimum depth of 1400'. Set 8 5/8" casing and cement.
3. Drill 7 7/8" production hole 5500' TD and evaluate running mud logs as well as DLL/CNL/LDT/CAL/GR to TD.
4. Set Kickoff point at 4325' and drill and advance hole to a Wolfcamp penetration point at approximately 1880' FSL and 660' FEL of the section 29 and continue drilling to BHL. (8932' MD & 4750' TVD)
5. Set 5 1/2" to TD and tie cement back to surface casing. Perforate porosity and stimulate as necessary (specific procedure to be determined).
6. Place well on test.
7. No H2S is anticipated during the drilling of this well. Well will share location with the Unbridled 1525-28 #1

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit , or an (attached) alternative OCD-approved plan .

OIL CONSERVATION DIVISION	
Approved by:	BRYAN G. ARRANT
Title:	DISTRICT II GEOLOGIST
Approval Date: DEC 07 2006	Expiration Date: DEC 07 2007
Conditions of Approval Attached <input type="checkbox"/>	

Printed name: Gary Miller, for Deane Durhame
Title: Agent
E-mail Address: ddurham@p1ll.com
Date: NOV. 30, 2006
Phone: 432-684-3727

PARALLEL

AUTHORITY FOR EXPENDITURE

OPERATOR Parallel Petroleum	LEASEWELL NAME John Town 1525-29 #1	AFE NUMBER 407000B
LOCATION 872 Box 29, T19S, R25E	COUNTY Chaves	STATE New Mexico
PURPOSE Drill & Complete Wolfcamp Horizontal Gas Well	TYPE WELL gas	DOCUMENT DATE D1-Mar-07
PRODUCING LEASE NUMBER / PROSPECT NAME / FIELD NAME 601003 / County Line / Wildcat (Wolfcamp Gas)	PROPOSED DEPTH 8932 MD, 4750 TVD	TO BE STARTED APR 07

INTANGIBLE WELL COSTS		BCP	ACP	TOTAL
830.020 PERMIT \$ 2,000	830.030 SURVEY LOC \$ 2,500	\$ 4,500		\$ 4,500
830.040 SURF DAMAGES \$ 4,000	830.050 INSURANCE \$ -	\$ 14,000		\$ 14,000
830.110 LOC & PITS \$ 54,000	830.110 ROADS \$ 2,000	\$ 58,000		\$ 58,000
830.130 DRLG - DAYWORK 20.0 DAYS @ \$17,000 /DAY	830.130 TURNKEY \$ -	\$ 340,000		\$ 340,000
830.130 DRILLING 0 FEET @ \$0.00 /FT				
830.120 DRILLING RIG - MOB \$ 49,000		\$ 49,000		\$ 49,000
830.200 BITS \$ 65,000	830.250 WELDING \$ 2,000	\$ 67,000		\$ 67,000
830.160 WATER - BCP \$ 35,000	830.180 MUD & CHEM \$ 60,000	\$ 35,000	\$ 83,000	\$ 128,000
830.140 TRUCKING - BCP \$ 18,200	840.140 TRUCKING - ACP \$ 8,000	\$ 18,200	\$ 8,000	\$ 26,200
830.170 POWER & FUEL \$ 30,000	830.135 DIRECTIONAL \$ 130,000	\$ 169,000		\$ 169,000
830.270 MUD LOGGING \$ 25,000	830.270 OBT \$ -	\$ 25,000		\$ 25,000
830.230 CEMENTING SURF \$ 35,000	830.230 INTERMED. \$ -	\$ 38,000		\$ 38,000
840.160 PRODUCTION \$ 30,000	800.000 FLOATED EQUIP \$ 3,000		\$ 33,000	\$ 33,000
830.270 COARING \$ -	830.270 CORE ANAL \$ -			
830.250 WL LOGGING: OH \$ 32,000	840.200 CSD. HOLE \$ 7,000	\$ 32,000	\$ 77,000	\$ 109,000
840.100 COMPLETION UNIT 5 DAYS @ \$4,500 /DAY			\$ 22,500	\$ 22,500
830.150 BCP - RENTALS: SURF \$ 20,000	830.160 BCP - SUBSURFACE \$ 35,000	\$ 55,000		\$ 55,000
840.150 ACP - RENTALS: SURF \$ 15,000	840.160 ACP - SUBSURFACE \$ 20,000		\$ 35,000	\$ 35,000
840.220 STIMULATE: ACID \$ 25,000	840.220 FRACTURE \$ 385,000		\$ 410,000	\$ 410,000
	840.140 COMPL FLUID \$ 5,000		\$ 5,000	\$ 5,000
830.240 ENVIRON. COST - BCP \$ 15,000	840.260 ENV. COST - ACP \$ 15,000	\$ 15,000	\$ 15,000	\$ 30,000
830.320 DRLG OVERHEAD \$ 0,000	830.070 GEOL SUPR \$ 5,000	\$ 16,000	\$ 5,000	\$ 21,000
830.090 LABOR: CD. - BCP \$ 24,000	830.250 CONTRACT - BCP \$ 15,000	\$ 39,000		\$ 39,000
840.030 LABOR: CD. - ACP \$ 5,000	840.020 CONTRACT - ACP \$ 15,000		\$ 20,000	\$ 20,000
830.240 CLEAN UP SITE \$ 50,000	830.250 FENCE LOC \$ 3,000	\$ 60,000	\$ 3,000	\$ 63,000
830.250 MISC. INTANG. COST \$ 20,000	840.120 MISC. COST - ACP \$ 10,000	\$ 20,000	\$ 10,000	\$ 30,000
830.340 CONTINGENCY: BCP 5.00%	840.260 CONTING: ACP 5.00%	\$ 62,100	\$ 36,800	\$ 98,900
TOTAL INTANGIBLE WELL COSTS		\$ 1,094,800	\$ 773,300	\$ 1,868,100

TANGIBLE WELL COSTS		BCP	ACP	TOTAL
850.020 CASING: SURFACE 0 FEET OF	0.000 INCH CASING @ 30.00 /FT			
850.030 INTERMEDIATE 1100 FEET OF	6.625 INCH CASING @ \$26.00 /FT	\$ 28,600		\$ 28,600
850.030 PROTECTION 0 FEET OF	0.000 INCH CASING @ \$5.00 /FT			
850.040 PRODUCTION 8032 FEET OF	6.500 INCH CASING @ \$14.00 /FT		\$ 125,048	\$ 125,048
850.040 LINER 0 FEET OF	0.000 INCH CASING @ \$0.00 /FT			
830.210 INSPECT TUB. - BCP \$ 4,500	840.170 INSP. - ACP \$ 4,500	\$ 7,500	\$ 7,500	\$ 15,000
850.050 CASINGHEAD \$ 7,500	800.030 TUBINGHEAD \$ 7,500	\$ 7,500	\$ 7,500	\$ 15,000
860.070 CHRISTMAS TREE \$ 10,000	860.070 WH FITTINGS \$ 5,000		\$ 15,000	\$ 15,000
860.090 TUBING 4800 FEET OF	2.075 INCH TUBING @ \$15.00 /FT		\$ 27,024	\$ 27,024
860.110 RODS 0 FEET OF RODS @ \$0.00 /FT (AVG)				
860.130 SUBSURFACE PUMP \$ -	860.120 TIG ANCHOR \$ -		\$ 7,500	\$ 7,500
860.200 FLOWLINE \$ 2,000	860.100 ELEC CONSTR \$ -		\$ 2,000	\$ 2,000
860.210 TANK BATTERY \$ 15,000	860.260 COMPRESSOR \$ -		\$ 15,000	\$ 15,000
860.220 GAS PROD. UNIT \$ -	860.260 DEHYDRATOR \$ 10,000		\$ 10,000	\$ 10,000
860.230 HEATER-TREATER \$ -	860.230 SEPARATOR \$ 10,000		\$ 10,000	\$ 10,000
860.130 PLUNGER LIFT \$ -	860.160 PRIME MOVER \$ -			
860.230 SURF EQUIP FTNGS \$ 10,000	860.250 BUILDINGS \$ -		\$ 16,000	\$ 16,000
860.020 INSTALLATION LABOR \$ 18,000	840.130 TRUCKING \$ 18,200	\$ 3,200	\$ 33,000	\$ 36,200
860.170 PUMPING UNIT \$ -	860.260 METER/CONTROLS \$ 20,000		\$ 20,000	\$ 20,000
860.280 GAS PIPELINE/METER \$ 50,000		\$ 4,700	\$ 50,000	\$ 54,700
860.100 CONTINGENCY 10.00%			\$ 34,528	\$ 34,528
TOTAL TANGIBLE COSTS		\$ 51,500	\$ 380,100	\$ 431,600
TOTAL WELL COSTS		\$ 1,146,300	\$ 1,153,400	\$ 2,299,700
PLUG & ABANDON EXPENSE		\$ -		
DRY HOLE COST		\$ 1,146,300		

CATEGORY	TYPE		DEPARTMENT	CATEGORY	COMPANY	DECIMAL	NET ESTIMATED COST
	X	CAPITAL	BUDGETED		Parallel Petroleum	0.850000	\$ 1,954,745
PREPARED BY	DATE		APPROVALS		DATE		NET AFE FOR DRY HOLE COST ONLY
<i>[Signature]</i>	11/MAR/07		Larry O'Brien - President / CEO				\$ 974,355
APPROVALS	DATE		APPROVALS		DATE		
	Don Trow - Chief Operating Officer						
PARTICIPANT APPROVAL							
NAME OF COMPANY	AUTHORIZED REPRESENTATIVE'S SIGNATURE			TITLE	DATE		

This Authorization for Expenditure (AFE) is merely an estimate of the costs and expenses for the proposed operation. The actual costs and expenses associated with the proposed operation could substantially exceed such estimates.

Before the Oil Conservation Division
 Exhibit No. 6
 Parallel Petroleum Corp
 OCD CASE 13919
 Hearing: July 26, 2007